SEC. 303. EXTENSION OP RECIPROCITY IN APPROVAL OF HOUSING SUB-DIVISIONS AMONG FEDERAL AGENCIES.

42 use 1490o. Section 535(b) of the Housing Act of 1949 is amended by striking "1-year period beginning on the date of the enactment of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988" and inserting the following: "6-month period beginning on the date of the enactment of the Department of Housing and Urban Development Reform Act of 1989".

SEC. 304. HODAG AMENDMENT.

42 use 1437o. Section 17(d) of the United States Housing Act of 1987 is amended as follows:

"(11) SALE OF UNITS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, in the case of a project assisted by a development grant awarded pursuant to this section where (i) the grant was originally approved for a nonprofit cooperative, and (ii) a majority of the units in the approved project have 3 or more bedrooms, the nonprofit owner of such project may sell such units for fee simple or condominium ownership if the requirements of subparagraph (B) are met.

"(B) REQUIREMENTS.—The requirements of this subparagraph are that—

"(i) at least 80 percent of the units in the project are initially sold to households with incomes that do not exceed 80 percent of the median income of the area;

"(ii) housing cost to such households shall be initially calculated at not to exceed 30 percent of actual household income;

"(iii) each purchaser agrees that, during the 20-year period following the initial sale, any subsequent resale of the unit shall be to a purchaser whose income does not exceed 80 percent of the median income for the area; and

"(iv) after the 20-year period described in clause (iii), the pro rata grant attributable to a unit, which shall be secured by a deed of trust on the unit, shall be repaid upon any sale, lease, or transfer of any interest in the unit except for a sale of the unit to a purchaser whose income does not exceed 80 percent of the median income of the area.

"(C) REFINANCING.—A refinancing of the unit involving an equity withdrawal shall require a repayment to the extent of the withdrawal not to exceed the pro rata amount of the grant attributable to the unit. A refinancing unrelated to a sale, equity withdrawal, lease, or transfer of interest shall not require repayment.

"(D) ADMINISTRATION.—A homeowner may request grantee approval of a sale, equity withdrawal, or other transfer with postponement of the repayment or without full or partial repayment and grantee may approve if the grantee determines that—

"(i) an undue hardship will result from the application of the repayment requirement, such as where the proceeds are

insufficient to repay the loan in full; or

"(ii) postponing repayment is in the interest of neighborhood growth and stability.

"(E) EFFECT OF REPAYMENT.—Upon repayment of the grant, any program requirements affecting the unit shall terminate. The grantee shall use repayments of the grant for low and